

QUARTERLY REPORT



THE BALLOU TEAM
AT HOULIHAN LAWRENCE
WARECK D'OSTILIO



PERFORMANCE OVERVIEW

46

Deals Closed
(Q1:13 | Q2:14 | Q3:19)

\$35.4M

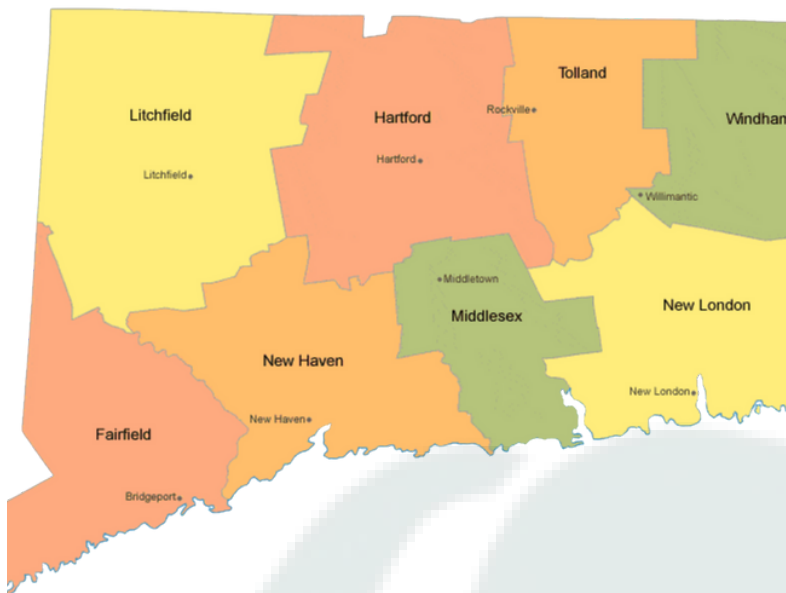
Total Sales
Volume

\$15M

Inventory

\$8M

Under Contract



14 RAILROAD STREET, NEW MILFORD, CT

A STRONG SALE IN NEW MILFORD

\$2,100,000

DEAL HIGHLIGHT OF THE QUARTER

Exclusively represented the seller

This successful sale of a high-performing mixed-use property featuring 10 residential apartments and 2 commercial units, demonstrates the Ballou Team's strength in marketing assets across Connecticut. Our ability to position income-producing properties with compelling value narratives continues to deliver results for our clients.

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SALES CAP RATES

As we head into Q4 2025, cap rates continue to rise across all major asset classes, reflecting a market recalibration in response to elevated financing costs and investor demand for stronger risk-adjusted returns. Industrial leads at 8%, followed by multifamily (7.67%), office at 7.50%, and retail (6.95%) remain steadier. While the upward movement may indicate investor caution, it also presents a compelling opportunity. At the Ballou Team, we view this environment as a strategic window for buyers to enter the market at more favorable yield levels positioning for long-term value creation and stabilized cash flow as pricing adjusts to new economic realities.

Asset Class	Asking Price / Sq Ft	Sale Price / Sq Ft	Observations
Industrial	\$92.80	\$80.56	The 13% discount reflects pricing correction and buyer selectivity.
Multifamily	\$143.13	\$121.89	The 15% gap signals resistance to elevated valuations.
Office	\$139.77	\$90.54	The 35% spread highlights ongoing demand weakness and uncertainty
Retail	\$227.00	\$273.15	The 20% premium shows strong demand in high traffic locations

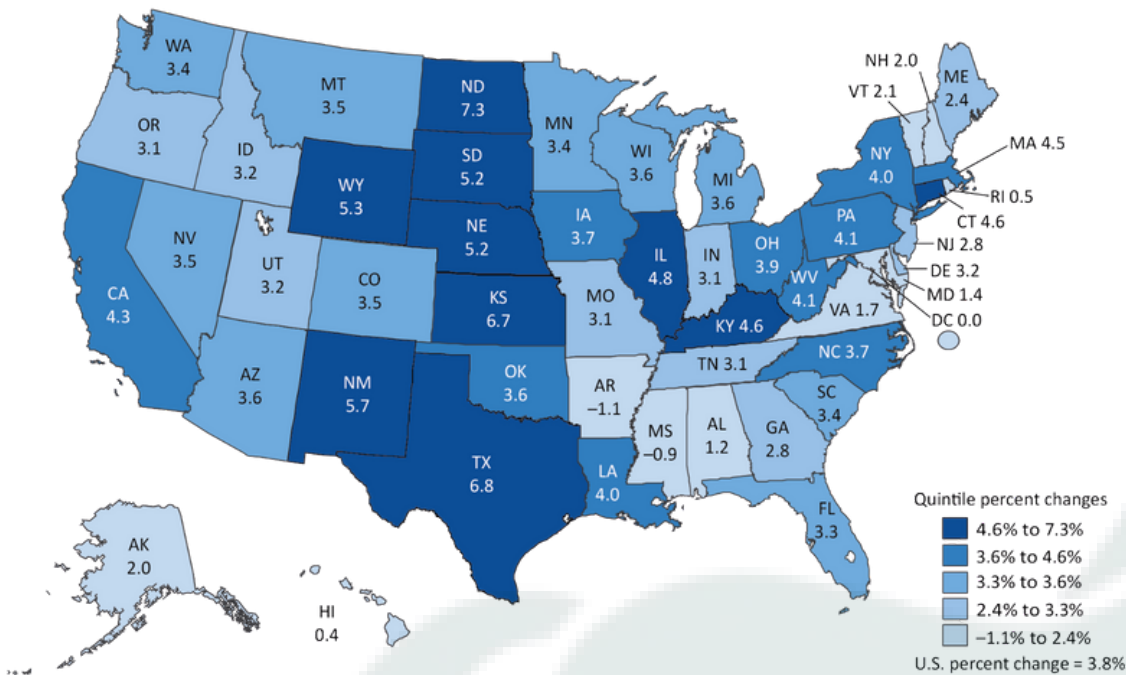
PRICE TRENDS SNAPSHOT – Q4 2024

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Real GDP: Percent Change at Annual Rate, 2025:Q1–2025:Q2

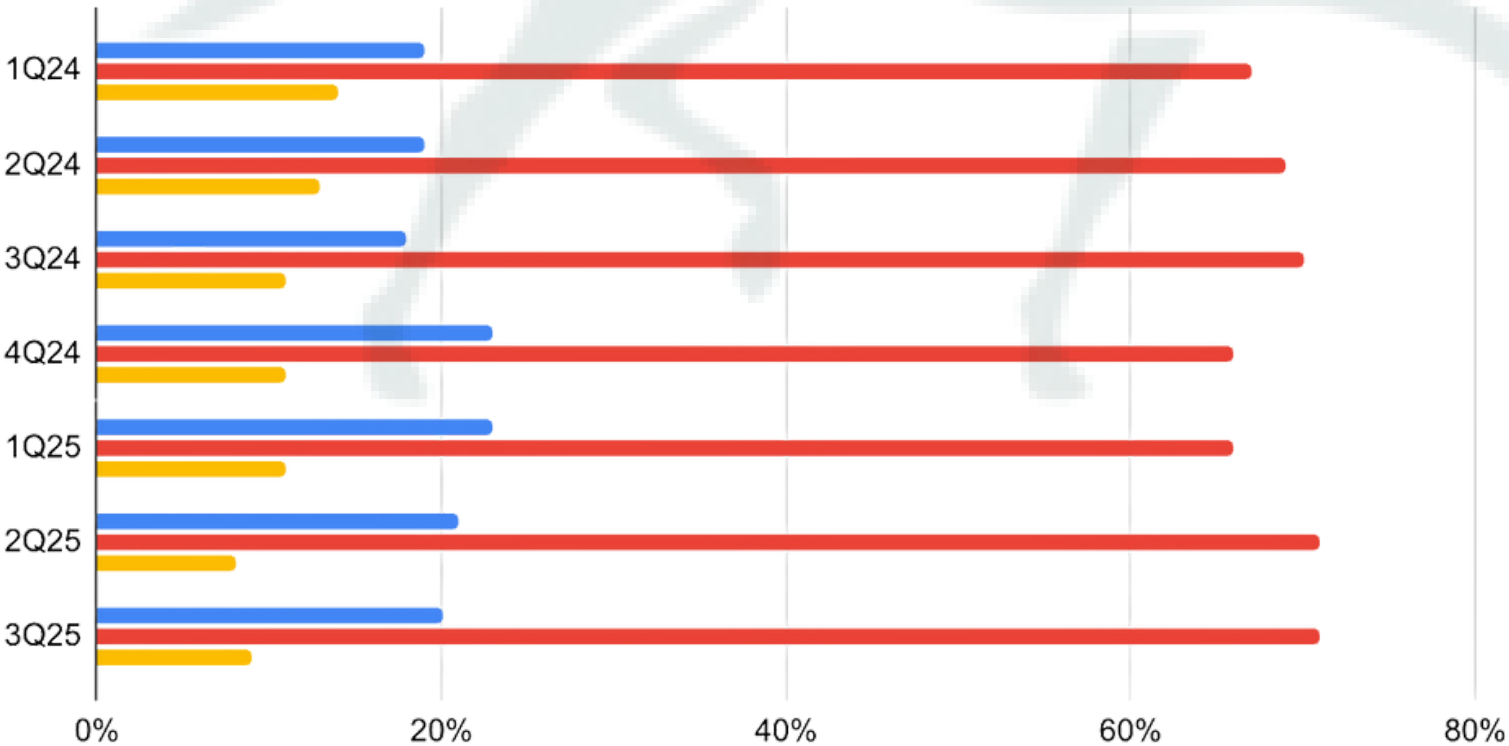


GDP Gross domestic product
U.S. Bureau of Economic Analysis

According to new Bureau of Economic Analysis data, our state's GDP grew 4.6% in Q2 2025 ranking Top 10 nationally and the fastest-growing economy on the East Coast. Nationally, sectors that drove the economic growth included finance, manufacturing, and information services this growth highlights the strength and resilience of Connecticut's economy.

How CRE Sentiment Is Shaping Investment Strategies

Investing More Holding Steady Lowering Investment / Cashing out



3Q25

- Investing More: 20%
- Holding Steady: 71%
- Lowering Investment : 9%

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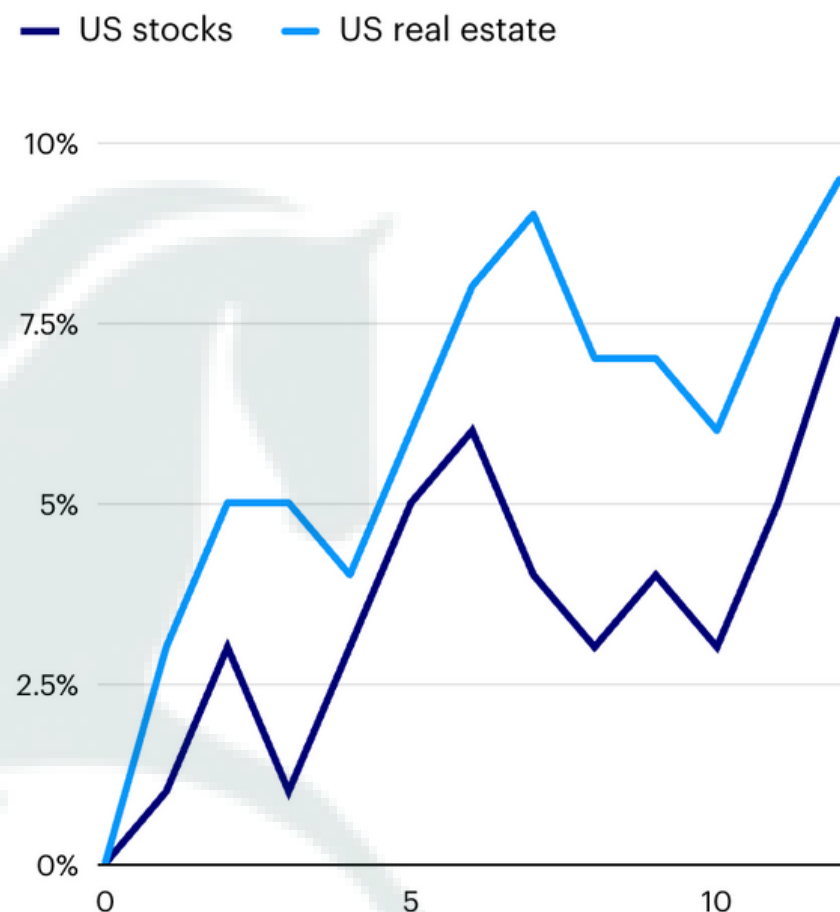
REITs Poised to Benefit from Fed Rate Cuts

With the Federal Reserve initiating its first interest rate cut and signaling a shift toward easing monetary policy, U.S. Real Estate Investment Trusts (REITs) may be well-positioned for renewed investor interest. Historically, REITs have outperformed broader equities in the 12 months following Fed rate cuts, driven by lower borrowing costs, improved valuations, and increased investor demand for yield.

Lower interest rates support REIT fundamentals by enhancing acquisition economics, reducing debt service costs, and boosting dividend appeal key attributes for income-focused investors. Notably, sectors such as data centers, telecommunications, and healthcare REITs tend to benefit most from these conditions, while segments like lodging and retail may respond more modestly.

Over the past five decades, U.S. REITs have consistently demonstrated resilience during Fed easing cycles. In the 12 months following a rate cut, REITs have delivered an average annualized return of 9.48%, compared to 7.57% for the broader U.S. equity market. This outperformance underscores the potential role of REITs as a tactical allocation in a diversified portfolio during periods of monetary easing.

In today's shifting macroeconomic landscape, REITs offer a compelling combination of income generation, diversification, and real asset exposure, making them a strategic consideration for portfolios seeking to capitalize on the next phase of the economic cycle.



Source: Bloomberg L.P.

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At The Ballou Team, we are more than just a commercial real estate team; we are your strategic partners, dedicated to achieving your real estate goals with precision, integrity, and excellence. Based in the heart of Connecticut, we bring together a dynamic team of industry experts, each possessing a unique set of skills and a shared commitment to delivering unparalleled service to our clients.

As we move into the third quarter of 2025, the commercial real estate market both nationally and here in Connecticut, continues to undergo a steady recalibration. While headlines often focus on volatility, underlying fundamentals are proving resilient. Investors, developers, and owner-users are adjusting their strategies, prioritizing long-term stability over short-term noise.

Here in Connecticut, the Ballou Team is seeing strong engagement across multiple asset types and submarkets. The trends driving activity include:

- **Multifamily:** Hot market for prime development sites near transit and jobs.
- **Retail:** Leasing surges in vibrant, walkable downtowns.
- **Industrial:** Fierce demand for highway-adjacent industrial land.
- **Office:** Office land pivots to mixed-use and creative reuse.



RICHARD
BALLOU



CASEY
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